Munters

Q4 2022

Strong underlying demand, organic net sales growth with solid cash flow generation

October-December

- Strong order intake in business area AirTech driven by the battery sub-segment. Strong order intake for business area Data Center Technologies (DCT), offset by a cancellation of orders for evaporative cooling solutions of MSEK 465. The cancellation is caused by a whole project being stopped or redirected and is not related to Munters as a specific supplier. Business area FoodTech declined as EMEA and China remained weak, partly offset by good growth in Americas. Excl. the cancelled DCT order, order intake grew +20% FX-adjusted.
- AirTech and DCT had strong organic net sales growth, whereas FoodTech had a flat development with growth in the US, offset by weak development in EMEA and China.
- Price increases contributed to approximately +8% of the organic growth.
- The adj. EBITA margin was lower due to lower volumes in FoodTech, a changed business mix in DCT partly offset by an improved margin in AirTech because of good volume and efficiency improvements. Strategic investments for scalability in digitization and automation increased in the quarter.
- Leverage decreased from 3.0x at the end of September to 2.9x because of increased operating earnings and improved operating working capital, partly offset by the acquisition of Hygromedia and Rotorsource.

January-December

- Very strong order intake driven by the battery sub-segment in AirTech as well as DCT. FoodTech had good growth in Americas, offset by a weak development in EMEA and China.
- In the first quarter Munters suspended all business activities with Russia due to the war in Ukraine.
- AirTech and DCT had strong organic net sales growth, whereas FoodTech had a flat development with growth in US, offset by weakened market in China.
- Price increases contributed to approximately +6% of the organic growth.
- The adj. EBITA improved in AirTech, offset by a lower margin in DCT and FoodTech. Strategic investments for scalability in digitization and automation increased.
- The higher cash flow from operating activities is mainly related to an increase of operating earnings compared to last year. Cash flow from changes in working capital had a negative impact of MSEK -84 (-175) mainly driven by the strong order intake.
- Leverage increased mainly due to the acquisitions of Edpac, Hygromedia and Rotorsource, increased IFRS 16 leases for new factories in Virginia, US, and the Czech Republic and the dividend payment, partly offset by increased operating earnings.

Order intake
reported growth
+21%

Net sales
reported growth
+46%

Adj. EBITA-margin
10.1%

Operating working capital/ net sales*
12.7%

Events after the close of the period

- The Board of Directors propose a dividend of 0.95 SEK (0.85) per share totaling a dividend of MSEK 175 (157). This represents 30% (30%) of net income in 2022

Financial summary	Q4			Jan-Dec		
MSEK	2022	2021	Δ%	2022	2021	Δ%
Order intake	3,143	2,605	21	16,830	9,013	87
Net sales	3,011	2,057	46	10,386	7,348	41
Growth	46%	12%		41%	5%	
of which organic growth	26%	10%		23%	10%	
of which acquisitions and divestments	4%	-		4%	-	
of which currency effects	16%	1%		15%	-5%	
Operating profit (EBIT)	255	190	34	881	753	17
Adjusted EBITA	304	217	40	1,070	889	20
Adjusted EBITA margin, %	10.1	10.6		10.3	12.1	
Net income	131	133	-2	577	515	12
Earnings per share before dilution, SEK	0.70	0.73		3.18	2.81	
Earnings per share after dilution, SEK	0.70	0.73		3.17	2.81	
Cash flow from operating activities	427	416		772	519	
OWC/Net Sales*	12.7%	13.1%		12.7%	13.1%	
Net debt	3,825	2,389		3,825	2,389	
Net debt/Adjusted EBITDA, LTM				2.9	2.2	

* Average Operating Working Capital last twelve months as a percentage of Net sales for the same period

CEO comments

Klas Forsström
President and CEO

"As I look back at 2022, I am very proud of the record order intake, strong net sales and the cash flow we have achieved. "

Strong organic net sales and a strengthened position in our prioritized segments

During the quarter, demand for our innovative, energy efficient climate solutions continued to be strong. In business area AirTech order intake increased by 32 per cent organically. The single largest orders were two contracts in the battery segment covering deliveries to the US and Canada. In Data Center Technologies (DCT) the order intake showed strong growth, however offset by a cancellation of orders received during the year for evaporative cooling solutions. The customer cancelled these orders as they are looking to rescope projects and is not related to Munters as a specific supplier. Business area FoodTech continued to see a very weak swine market in China as well as a weak market in EMEA for the equipment segment Climate Solutions, somewhat compensated by good development in Americas for the segment Digital Solutions. In the quarter, Digital Solutions signed an important Software-as-a-Service (SaaS) contract with one of North America's largest poultry producers.

As a result of continued good demand, our strong position and our price increases during the year, net sales grew 26 percent organically in the quarter, driven by business areas AirTech and DCT, partially offset by the development in FoodTech. The annualized recurring software revenues from our SaaS business in FoodTech increased by 44 per cent in the quarter.

Increased investments in digitization and automation to create enhanced future efficiency

Our focused work to create a more efficient and scalable company continued according to plan with increased investments in digitization and automation. In the quarter, several initiatives were scaled up and prepared for the roll-out of the system support to update ways-of-working in 2023. FoodTech invested in the Digital Solutions business, at the same time as lower volumes in the segment Climate Solutions led to a decreased margin in the quarter. DCT also had a lower margin compared to last year. As anticipated, it improved compared to last quarter. AirTech's margin improved as a result of increased manufacturing efficiency. The inflationary pressure and supply chain constraints continued, albeit at a lower level and with less bottlenecks and components shortages. We continued to work on optimizing our manufacturing and during the quarter DCT finalized its production site relocation in the US while AirTech is working on the US production optimization blueprint.

Leverage improved slightly in the quarter as we generated good operating earnings and cash flow. At the same time, we delivered on our M&A agenda with both acquisitions and minority investments in innovative start-up companies. Acquisitions are an important part of our growth strategy. In AirTech we acquired Hygromedia and Rotorsoure, strengthening our position as a leading supplier of desiccant dehumidification technology. In FoodTech we announced the acquisition of a majority share in InoBram, a Brazilian manufacturer of climate controllers for farms and food producers, where we are still awaiting the antitrust approval to close the transaction.

Strong foundation for continued profitable growth

Over the last year, we created a strong foundation for continued growth through a number of focused actions. Among other things, we have increased product standardization, invested in research and development as well as digitization and automation in combination with a decentralization of the organization. As a result of our achievements we updated our financial targets in December to reflect the strong value-generating growth we see for Munters in the coming years.

We have also taken major steps ahead in the areas of sustainability during the year. Internally we have made great efforts in mapping our emissions and worked with life cycle analysis of our products. With the life cycle analysis, we become even better at helping our customers reduce their emissions. Our contribution to a better climate is a strong driving force for us in our daily work. As I look back at 2022, I am very proud of the record order intake, strong net sales and the cash flow we have achieved. I look forward to continuing to strengthen our market position together with all employees in 2023.

Midterm financial targets

Net sales growth:	Annual organic growth of net sales of 10% *Performance Q4 2022: +26% (10)*
Adjusted EBITA-margin:	An adjusted EBITA-margin above 14%. *Performance Q4 2022: 10.1% (10.6)*
OWC/net sales:	Average (LTM) operating working capital in the range of 13-10 % of net sales. *Performance Q4 2022: 12.7% (13.1)*
Dividend policy:	Munters aim to pay an annual dividend corresponding to 30-50% of its consolidated income after tax for the period. *Dividend proposal 2022: 30% (SEK 0.95 per share, totaling MSEK 175)*

For full description of the dividend policy, see the Annual and Sustainability report 2021, page 10 or at www.munters.com.

Sustainability

To maintain a sustainable and profitable business, Munters has integrated sustainability in every aspect of the business strategy.

Highlights full year 2022:

- CDP rating improved to B (C)
- The company-wide Scope 1 & 2 carbon footprint has been completed in Q4 by including non-factory premises in the reporting
- Renewable electricity in factory operations 72% (53)
- Good progress was made on the mapping of significant Scope 3 emissions in preparation for the Annual Sustainability Report 2022
- A selection of sustainability KPIs:
    - Energy efficiency in factory operations 0.62 (0.80*)
    - Recycled or reused waste from factory operations 52% (54)
    - Proportion of women in management positions 22% (23)
    - Code of conduct for suppliers 100% (100)

*Production value for 2021 adjusted for fx.

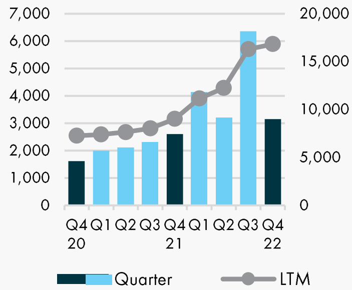
See Munters Annual and Sustainability report 2021, pages 40-49, for further information on goals and outcome or at www.munters.com.

Financial performance

As of June 30 2022 Munters Group AB report its operations in three business areas: AirTech, Data Center Technologies (DCT) and FoodTech. Historical financial information is presented on Munters Group ABs homepage, munters.com/investors.

	Q4			Jan-Dec		
MSEK	2022	2021	Δ%	2022	2021	Δ%
Order intake	3,143	2,605	21	16,830	9,013	87
AirTech	2,642	1,749	51	8,399	5,842	44
DCT	30	361	-92	6,245	1,051	494
FoodTech	483	508	-5	2,242	2,166	4
Corporate & elim.	-12	-13	-	-56	-46	-
Net sales	3,011	2,057	46	10,386	7,348	41
AirTech	2,013	1,380	46	6,830	4,664	46
DCT	500	183	173	1,401	702	100
FoodTech	514	509	1	2,211	2,028	9
Corporate & elim.	-16	-16	-	-56	-46	-
Adjusted EBITA	304	217	40	1,070	889	20
AirTech	329	190	73	1,014	682	49
DCT	36	24	47	84	92	-9
FoodTech	4	31	-87	128	210	-39
Corporate & elim.	-65	-28	-	-156	-95	-
Adjusted EBITA margin, %	10.1	10.6		10.3	12.1	
AirTech	16.3	13.8		14.8	14.6	
DCT	7.1	13.2		6.0	13.2	
FoodTech	0.7	6.0		5.8	10.4	

Quarterly order intake (MSEK)



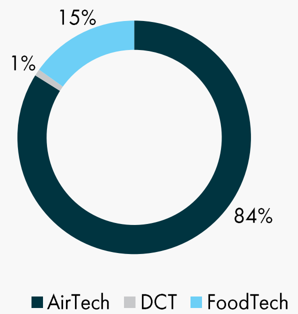
Order intake

October-December 2022

Order intake was slightly up at +1% FX-adjusted (organic -1%, structural +2%, FX-effect +19%). Excluding the order intake cancellation in DCT of MSEK 465, order intake was up by +20% FX-adjusted. Order backlog increased +145% FX-adjusted to MSEK 11,463 (4,198) (organic +140%, structural +5%, FX-effect +28%). Price increases contributed to approximately +10% of the organic growth.

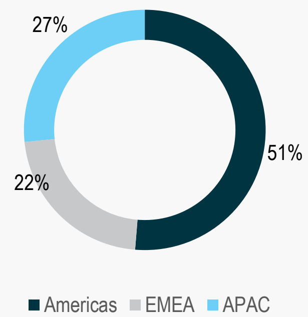
Order intake in AirTech increased by +33% FX-adjusted (organic +32%, structural +1%, FX-effects +18%) with growth in all regions, driven especially by the sub-segment battery. The battery sub-segment in Americas received two large orders from a multinational automotive manufacturer with a combined value of MUSD 54 in the quarter. The sub-segment battery also showed good growth in APAC and EMEA. The Component segment showed good growth, especially in APAC. Clean Technologies (CT) grew slightly in India, driven by the process industry, offset by a slowdown in Americas and EMEA. Services had good growth, driven mainly by Americas. Price increases in the quarter contributed to approximately +10% of the organic growth.

Order intake per Business Area Q4, 2022 (MSEK)



Order intake in DCT declined due to cancellations of MSEK 465 of orders received earlier in 2022 for direct evaporative cooling solutions. The cancellation is caused by a whole project being stopped or redirected and is not related to Munters as a specific supplier. Excluding the cancellations of MSEK 465, order intake grew in both Americas and EMEA. Order intake declined by -122% FX-adjusted (organic -131%, structural +9%, FX-effects +31%). Price increases in the quarter contributed to approximately +7% of the organic growth.

Order intake per region Q4, 2022 (MSEK)



Order intake in FoodTech declined by -17% FX-adjusted (organic -17%, FX-effects +12%). In region APAC, China continued to have a weak development in the swine market. In EMEA, the underlying market situation was continued weak due to inflationary pressure. In Americas, Digital Solutions had good growth and the development in Climate Solutions was flat, with growth in the broiler and dairy segments. Price increases in the quarter contributed to approximately +8% of the organic growth.

January-December 2022

The order intake increased by +67% FX-adjusted (organic +63%, structural +4%, FX-effects +20%), mainly driven by DCT. DCT order intake grew substantially during the year as they received several large orders from colocation operators in the US, with Munters largest order ever received in the third quarter of MUSD 176 for SyCool Split systems. AirTech also had strong growth with very good development of the battery sub-segment, Service and Clean Technologies. In FoodTech, Digital Solutions grew in the US. A large SaaS deal in MTech was signed in March and another in October. Climate Solutions had a weak development in APAC and EMEA. Price increases in the year contributed to approximately +7% of the organic growth.

Net sales

October-December 2022

Net sales increased by +30% FX-adjusted (organic +26%, structural +4%, FX-effects +16%) driven by strong growth in the battery sub-segment in AirTech and region Americas in DCT. Service net sales amounted to 16% (18%) of total net sales. Price increases in the quarter contributed to approximately +8% of the organic growth.

AirTech increased by +31% FX-adjusted (organic +29%, structural +2%, FX-effects +15%) with good growth in all regions. The battery sub-segment had strong growth in all three regions. Net sales in the food processing sub-segment grew, partly offset by a decline of net sales in the pharma sub-segment. Components showed good growth in all regions. CT grew strongly in Americas and had good growth in EMEA driven by the process and the VOC markets. Service showed growth in all regions, especially in Americas and APAC. Service net sales amounted to 24% (23%) of net sales in AirTech. Price increases contributed to approximately +7% of the organic growth in the quarter.

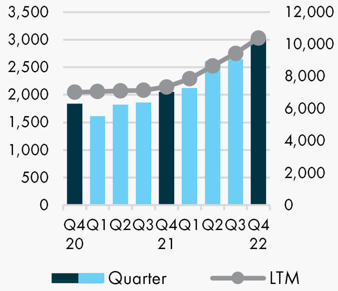
DCT increased by +132% FX-adjusted (organic +106%, structural +26%, FX-effects +41%) with strong growth driven by colocation customers in the US. Price increases contributed to approximately +6% of organic growth in the quarter.

FoodTech declined by -11% FX-adjusted (organic -11%, currency effects +12%). Americas showed growth in Digital Solutions. Climate Solutions was flat with growth in the broiler and layer segments. APAC declined mainly due to a continued weak swine market in China, slightly offset by growth in the layer and the greenhouse segments. EMEA declined due to the overall weak market demand. Price increases contributed to approximately +8% of the organic growth in the quarter. The software recurring revenue increased +44% to MSEK 33, with an ARR (Annualized Recurring software Revenue) of MSEK 133.

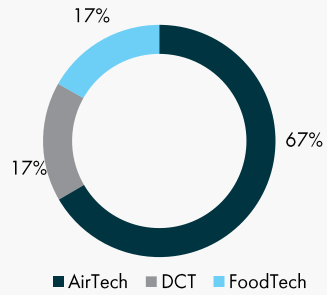
January-December 2022

Net sales during the year increased by +27% FX-adjusted (organic +23%, structural +4%, FX-effects +15%), mainly driven by the sub-segment battery within the Industrial segment as well as the Component segment, Service and Clean Technologies in AirTech. DCT had very strong growth in both Americas and EMEA predominantly driven by co-location customers in Americas. FoodTech grew in Americas, flat development in EMEA, offset by a weaker development in China. Price increases in the year contributed to approximately +6% of the organic growth. Service net sales amounted to 15% (15%) of total net sales. In FoodTech, the software recurring revenue increased +39% to MSEK 119, with an ARR (Annualized Recurring software Revenue) of MSEK 133.

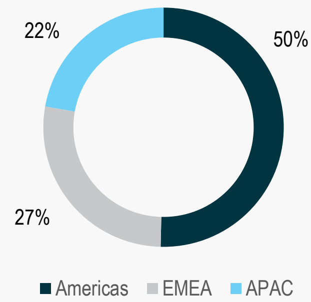
Quarterly net sales, (MSEK)



Net sales per Business Area Q4, 2022 (MSEK)



Net sales per region Q4, 2022 (MSEK)



Results

Adjusted EBITA excludes Items Affecting Comparability, IAC, see page 20 for disclosure of the IACs.

October-December 2022

The gross margin amounted to 29.2% (30.3). The gross margin was slightly lower due to a lower margin in DCT, partly offset by an improved gross margin in AirTech driven by volume growth and efficiency gains.

Adjusted EBITDA amounted to MSEK 381 (274), corresponding to an adjusted EBITDA-margin of 12.7% (13.3). Depreciation of tangible assets amounted to MSEK -78 (-56), whereof depreciation of leased assets was MSEK -44 (-28).

Adjusted EBITA amounted to MSEK 304 (217), corresponding to an adjusted EBITA-margin of 10.1% (10.6). AirTech improved the margin because of good volume and efficiency improvements. The DCT margin was lower as a result of a changed business mix and increased costs in the quarter, however the margin improved compared to the third quarter 2022. FoodTech had a lower margin mainly as an effect of lower volumes in China and EMEA. Strategic investments for scalability in digitization and automation increased as a result of added resources and timing of cost recognition for activities made in the previous quarter.

Adjusted EBITA for business area AirTech amounted to MSEK 329 (190), corresponding to an adjusted EBITA-margin of 16.3% (13.8). The volume increase combined with positive contributions from efforts to increase manufacturing efficiency had a positive impact. Net price increases more than compensated for higher material and freight costs. At the same time a continued high level of work was recorded to secure component shortages and to manage lead times.

Adjusted EBITA for business area DCT amounted to MSEK 36 (24), corresponding to an adjusted EBITA-margin of 7.1% (13.2). A different business mix compared to 2021 combined with price increases still lagging higher material and freight costs had a negative impact on the margin. The ramp-up of production at the Virginia site, inaugurated in Q3, continued throughout the quarter and as a result the margin improved compared to the third quarter 2022.

Adjusted EBITA in business area FoodTech was MSEK 4 (31), corresponding to an adjusted EBITA-margin of 0.7% (6.0). The margin declined mainly due to lower volumes in China and EMEA. During the quarter actions continued to consolidate the manufacturing footprint and gain operational efficiency benefits in China. In the second quarter, consequences from the Ukraine war on the supply chain and market demand led to operational challenges in a production unit in EMEA. Activities to resolve these operational challenges and lower volumes are under way. Continued high investments were made in the area Digital Solutions in the quarter. Price increases more than compensated for increased material and freight costs.

Adjusted EBITA for Corporate amounted to MSEK -65 (-28). In the fourth quarter, strategic investments for scalability in digitization and automation increased as a result of added resources and timing of cost recognition for activities made in the previous quarter.

Operating profit (EBIT) was MSEK 255 (190), corresponding to an operating margin of 8.5% (9.2). Amortization and write-downs of intangible assets in the fourth quarter were MSEK -39 (-18), where MSEK -8 (-8) related to amortization of intangible assets from acquisitions.

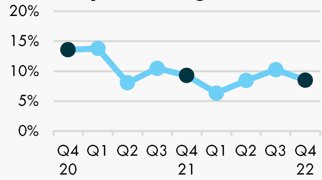
January-December 2022

The gross margin was 29.0% (32.0). The lower gross margin was mainly due to a lower margin in DCT.

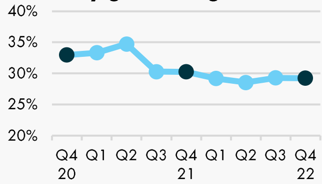
Adjusted EBITDA at MSEK 1,333 (1,105), corresponding to an adjusted EBITDA-margin of 12.8% (15.0). Depreciation of tangible assets amounted to MSEK -263 (-228), whereof depreciation of leased assets was MSEK -136 (-106).

Adjusted EBITA at MSEK 1,070 (889), corresponding to an adjusted EBITA-margin of 10.3% (12.1). AirTech improved the margin, whereas DCT had a lower margin as a result of a changed business mix. FoodTech had a lower margin mainly as an effect of lower volumes in China and EMEA. Enhanced investments into digitization and automation to create a scalable business to capture growth also led to higher costs.

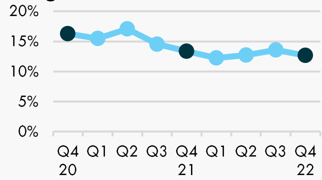
Quarterly EBIT margin , %



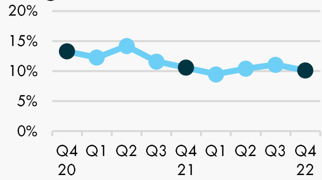
Quarterly gross margin, %



Quarterly adjusted EBITDA margin, %



Quarterly adjusted EBITA margin, %



Operating profit (EBIT) was MSEK 881 (753), corresponding to an operating margin of 8.5% (10.2). Amortization and write-downs of intangible assets for the year was MSEK -114 (-74), where MSEK -36 (-30) related to amortization of intangible assets from acquisitions.

Items affecting comparability (IAC)

Items affecting comparability totaled MSEK -9 (-9) in the fourth quarter of which costs related to the on-going restructuring activities in mainly AirTech and FoodTech amounted to MSEK +1 (-20). Other IACs, mainly M&A related costs, of MSEK -10 (11) were also recorded in the quarter.

For the full year IACs totaled MSEK -75 (-62) including restructuring activities of MSEK -35 (-124). IACs related to related to Munters decision to end business activities with Russia amounted to MSEK -27 and include mainly costs for write-down of inventory and right-sizing severance provisions. In addition, other IAC of MSEK -12 (62) were recorded in 2022 mainly related to M&A activities.

Financial items

Financial income and expenses for the fourth quarter amounted to MSEK -64 (-14). Interest expenses increased due to increased interest rates combined with higher outstanding debt at the end of December 2022 compared to 2021. The negative impact was partly offset by a positive impact from foreign exchange rate effects as the SEK weakened against several currencies. Interest expense on lease liabilities amounted to MSEK -10 (-4) in the fourth quarter.

Financial income and expenses for 2022 amounted to MSEK -142 (-84). Interest expense on lease liabilities amounted to MSEK -23 (-15). The average weighted interest rate including fees per end of December was 6.0% (2.2).

Taxes

Income taxes for the fourth quarter was MSEK -61 (-43). The effective tax rate in the fourth quarter was 32% (24). Income taxes for the full year was MSEK -162 (-153). The effective tax in 2022 was 22% (23).

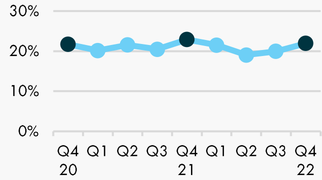
Earnings per share

Net income attributable to Parent Company's ordinary shareholders amounted to MSEK 128 (133) in the fourth quarter. Earnings per share, before dilution, in the fourth quarter 2022 was SEK 0.70 (0.73). Earnings per share, after dilution, in the same quarter was SEK 0.70 (0.73).

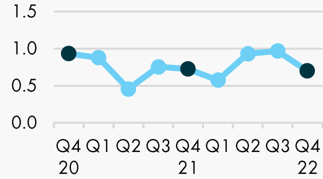
Earnings per share, before dilution, in 2022 was SEK 3.18 (2.81). Earnings per share, after dilution, in 2022 was SEK 3.17 (2.81).

The average number of outstanding ordinary shares in the fourth quarter, for the purpose of calculating earnings per share, was 182,180,695 before dilution and 182,437,327 after dilution.

Tax rate LTM, %



Quarterly EPS, SEK



Financial position

Interest-bearing liabilities, including lease liabilities, increased by MSEK 340 in the quarter and amounted to MSEK 4,495 (2,750) as of December 31. Cash and cash equivalents increased in the quarter by MSEK 216 and amounted to MSEK 914 (674) as of year-end.

Munters primary financing facilities consists of a term loan of MUSD 165 and a Revolving Credit Facility (RCF) of MEUR 250 with final maturity date in June 2026. The facilities are granted by a group of six banks and have no mandatory amortization requirement. Since November 2021 Munters has linked the loan facilities to sustainability targets. The primary financing facilities have one financial covenant, consolidated net debt in relation to adjusted EBITDA, with some adjustments made in accordance with the loan agreement. The accounting standard for leases, IFRS 16, does not affect the covenant calculation according to the loan agreement definition and neither does the net pension liability.

Munters also has a backup facility of MSEK 750 maturing in 2023 which is secured by a guarantee from EKN (The Swedish Export Credit Agency). In December 2022 a new 7-year term loan of MSEK 750 from the Nordic Investment Bank (NIB) was signed.

Net debt as of December 31 amounted to MSEK 3,825 compared to 3,654 at the end of September 2022 and MSEK 2,389 at the end of December 2021.

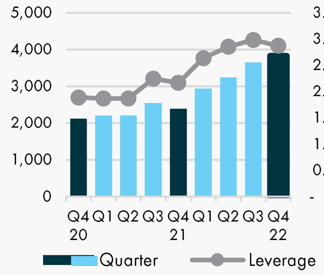
Net debt in relation to Adjusted EBITDA was 2.9x compared to 3.0x at end of September 2022 and 2.2x at the end of December 2021. The slightly lower leverage ratio in the fourth quarter is mainly a consequence of increased operating earnings and slightly improved operating working capital, offset by increased debt as a result of the acquisition of Hygromedia and Rotorsource.

The leverage ratio in 2022 increased from 2.2x to 2.9x due to the acquisitions of Edpac. Hygromedia and Rotorsource, increased IFRS 16 leases of new factories in Virginia, US, and the Czech Republic and the dividend payment, partly offset by increased operating earnings.

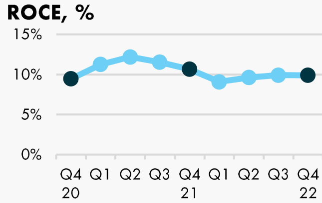
At the end of December the term loan facility of MUSD 165 was fully drawn. Of the RCF of MEUR 250 an amount of MEUR 185 (87) was utilized. Unutilized part of the RCF as of December 31 amounted to MEUR 65 (163). Along with the primary loan facilities, an amount of MSEK 2 (13) in local debt is outstanding in i.e. Ireland. The backup facility with EKN was unutilized and the new loan from NIB undrawn.

Average capital employed for the last twelve months was MSEK 8,969 (7,070). Return on capital employed (ROCE) for last twelve months was 9.9% (10.7). Adjusted ROCE, where EBIT plus financial income is adjusted for items affecting comparability (IAC) and average capital employed adjusted for goodwill, for the last twelve months was 23.7% (27.6). ROCE decreased because of higher capital employed and lower operating margin.

Net debt per quarter



ROCE, %



Cash flow

Cash flow from operating activities amounted to MSEK 427 (416) in the fourth quarter and MSEK 772 (519) for the full year 2022. The positive cash flow is mainly related to an increase of operating earnings compared to last year.

Cash flow from changes in working capital had a positive impact of MSEK 189 (232) in the fourth quarter and a negative impact of MSEK -84 (-175) for the full year 2022. The positive effect on cash flow from working capital in the quarter mainly relates to increased accounts payables and an increased level of advances from customers, partly offset by negative impact from accounts receivables and increased inventory levels. For the full year the negative effect on cash flow from working capital is mainly driven by the strong order intake growth leading to increased inventory levels, increased account receivables and increased accrued income, partly offset by increased account payables and increased advances from customers.

Total cash flow for the fourth quarter amounted to MSEK 192 (224) and MSEK 184 (-324) for the full year 2022. The total cash flow for the year were impacted by acquisitions of MSEK -721, a dividend payment in May of MSEK -156, whereof MSEK -2 to an external minority in one of the subsidiaries and increased external borrowing of MSEK +1,000.

Parent company

The parent company for the Group is Munters Group AB. The parent company does not engage in sales of goods and services to external customers. Cash and cash equivalents at the end of the period amounted to MSEK 0 (0).

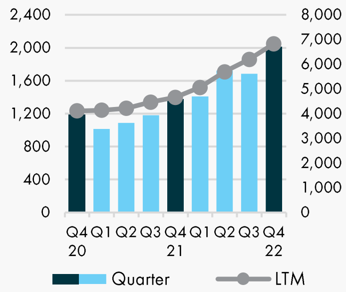
AirTech

Business area AirTech is a global leader in energy-efficient air treatment for industrial and commercial applications. We offer solutions for mission-critical processes that require exact control of moisture and temperature, with a focus on energy-efficiency and sustainable climate systems. Our climate systems also provide better indoor air quality and comfort, as well as increased production capacity.

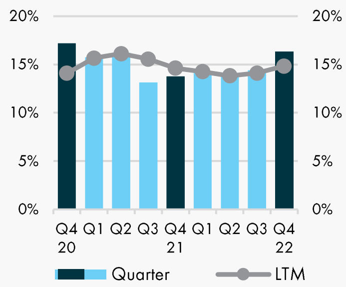
	Q4			Jan-Dec		
MSEK	**2022**	**2021**	**Δ%**	**2022**	**2021**	**Δ%**
External order backlog	4,698	2,796	68	4,698	2,796	68
Order intake	2,642	1,749	51	8,399	5,842	44
Growth	51%	-		44%	-	
Net sales	2,013	1,380	46	6,830	4,664	46
Growth	46%	17%		46%	13%	
of which organic growth	29%			31%		
of which acq. and div.	2%			0%		
of which currency effects	15%			15%		
Operating profit (EBIT)*	319	177	81	976	635	54
Amortization of intang. asset*	-11	-6		-29	-22	
Items affecting comparability (IAC)	-1	-5		-9	-11	
Re-allocation of int. services	3	-2		-	-12	
Adjusted EBITA	329	190	73	1,014	682	49
Adjusted EBITA margin, %	16.3	13.8		14.8	14.6	

**A reclassification in regards to amortization has been made between the business areas in periods prior to Q1-22 impacting EBIT.*

Quarterly net sales - AirTech, (MSEK)



Quarterly adjusted EBITA margin % - AirTech

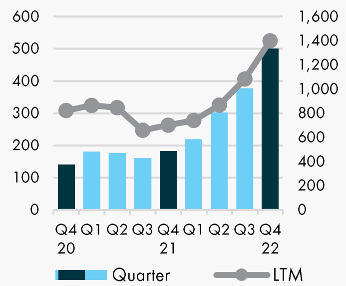


Data Center Technologies

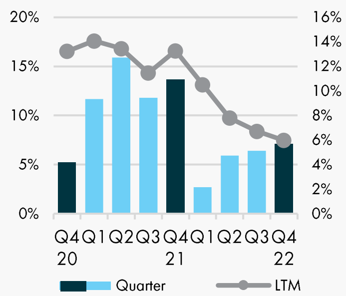
Business area Data Center Technologies (DCT) is a leading supplier of advanced climate cooling solutions using a wide range of heat rejection technologies. Our solutions produce significant energy savings for data centers compared with traditional cooling solutions. With a diversified product portfolio and extensive application knowledge, we create sustainable climate solutions for data center operators worldwide. In the first quarter of 2022 Edpac was acquired, an Ireland-based manufacturer of data center cooling equipment and air handling systems. The acquisition strengthens the presence in Europe.

	Q4			Jan-Dec		
MSEK	**2022**	**2021**	**Δ%**	**2022**	**2021**	**Δ%**
External order backlog	5,937	703	745	5,937	703	745
Order intake	30	361	-92	6,245	1,051	494
Growth	-92%	131%		494%	60%	
Net sales	500	183	173	1,401	702	100
Growth	173%	31%		100%	-15%	
of which organic growth	106%			35%		
of which acq. and div.	26%			35%		
of which currency effects	41%			30%		
Operating profit (EBIT)*	30	39	-23	71	148	-52
Amortization of intang. asset*	-5	-2		-20	-8	
Items affecting comparability (IAC)	0	16		8	62	
Re-allocation of int. services	-	1		-	1	
Adjusted EBITA	36	24	47	84	92	-9
Adjusted EBITA margin, %	7.1	13.2		6.0	13.2	

Quarterly net sales - DCT, (MSEK)



Quarterly adjusted EBITA margin % - DCT



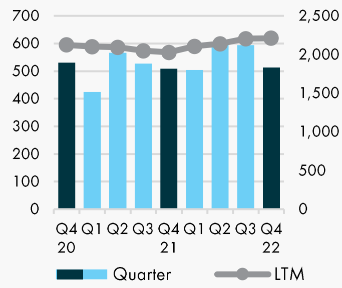
FoodTech

Business area FoodTech is one of the world's leading suppliers of innovative, energy-efficient climate systems for livestock farming and greenhouses, as well as software for controlling and optimizing the entire food production value chain. Our solutions increase productivity while contributing to sustainable food production, where strict requirements are placed on quality, animal health and food safety.

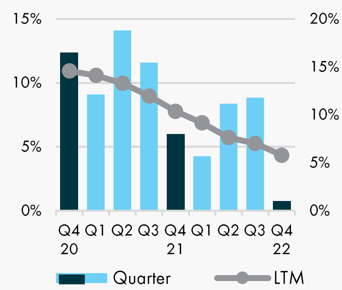
	Q4			Jan-Dec		
MSEK	2022	2021	Δ%	2022	2021	Δ%
External order backlog	828	700	18	828	700	18
Order intake	483	508	-5	2,242	2,166	4
Growth	-5%	-		4%	-	
Net sales	514	509	1	2,211	2,028	9
of which SaaS	33	23	44	119	86	39
SaaS annualized recurring revenue	133	93	44	133	93	44
Growth	1%	-4%		9%	-5%	
of which organic growth	-11%			-2%		
of which currency effects	12%			11%		
Operating profit (EBIT)*	-23	7	n/a	5	71	-93
Amortization of intang. asset*	-20	-9		-59	-40	
Items affecting comparability (IAC)	-7	-16		-64	-97	
Re-allocation of int. services	1	2		-	-2	
Adjusted EBITA	4	31	-87	128	210	-39
Adjusted EBITA margin, %	0.7	6.0		5.8	10.4	

**A reclassification in regards to amortization has been made between the business areas in periods prior to Q1-22 impacting EBIT.*

Quarterly net sales - FoodTech, (MSEK)



Quarterly adjusted EBITA margin % - FoodTech



Corporate

The Corporate function reported an adjusted EBITA of MSEK -65 (-28) in the fourth quarter. Corporate staff functions as well as minority investments are accounted for within Corporate. Enhanced investments into digitization and automation to create a scalable business to capture growth led to higher costs in 2022. In the fourth quarter, strategic investments for scalability in digitization and automation increased as a result of added resources and timing of cost recognition for activities made in the previous quarter.

To further enhance Munters strategic journey Munters has started to make financial investments in start-ups with the aim to support innovation for the group within digitalization, technology, and sustainability. In the fourth quarter two minority investments were made in the digital space and 2022, five minority investments were made.

Employees

The number of permanent FTEs (Full Time Equivalents), at December 31, 2022 was 3,940 (3,315). The amount of FTEs at December 31, 2022 in business area AirTech was 2 693 (2,256), in DCT 355 (176), in FoodTech 791 (796) and at Group functions 99 (87). The increase in DCT is mainly explained by the acquisition of Edpac which contributed with about 150 employees.

Outstanding shares

As of December 31, 2022, Munters held 2,389,358 treasury shares of the total shares of 184,457,817. Thus, the number of outstanding shares as of the balance sheet date was 182,068,459.

Dividend proposal

The Board of Directors proposes a dividend of SEK 0.95 (0.85) per share totaling MSEK 175 (157) based on the total number of outstanding shares. This represented 30 (30) per cent of the net income 2022.

Ten largest shareholders

As of 31 Dec	%
FAM AB	28.0
ODIN Funds	8.2
Forth Swedish National Pension Fund	6.6
First Swedish National Pension Fund	6.0
Capital Group	3.8
Swedbank Robur Fund	3.8
C WorldWide Asset Management	2.5
Columbia Threadneedle	2.4
Vanguard	2.0
La Financière de l'Echiquier	1.9

Source: Modular Finance AB

Other events during the quarter

AirTech signs an order with Morrow Batteries – In October , Munters announced an order from Morrow Batteries for climate control solutions for their battery factory in Arendal, Norway. Munters will deliver energy-efficient solutions for air treatment and climate control in this facility, which will be Morrow's first battery cell production plant in Norway. Munters has started the work already and expects to deliver the complete climate solutions in 2023. The contract is also a continuation of the collaboration with Equans, a large construction contractor in building battery factories, that Munters is working together with on several ongoing battery factory projects.

Munters to build all-new site in the US– In November, Munters announced that an all-new site in the US will be built, to house desiccant dehumidification products and services for the North American market. The new facility will house fabrication, assembly, rotor production, a new R&D lab, as well as a service training academy. The ~ 38,000 m^2 flagship facility will be located in Amesbury, Massachusetts, USA and will be home to the Munters workforce in Amesbury. In-line with Munters' sustainability goals, investments will be made in equipment that doesn't rely on fossil fuels, and renewable energy sources will be used for the building's electrical consumption. The plan is to be fully operational at the new site during 2024.

CFO Annette Kumlien leaves Munters for a new assignment– In November Annette Kumlien, Group Vice President and CFO of Munters announced that she has decided to leave the company for a new assignment. Annette will remain in her current role during her notice period, but for a maximum of six months. The process of recruiting a new CFO was initiated immediately.

Munters acquires Hygromedia and Rotor Source– In November, Munters announced the acquisitions of Hygromedia and Rotor Source, both located in Baton Rouge, Louisiana, USA. Hygromedia LLC specializes in components, supplying desiccant rotor manufacturers in the US, Europe and Asia. Rotor Source Inc. provides desiccant dehumidification and energy recovery products to OEMs, mainly for heating, ventilation, and air conditioning (HVAC) systems. Customer segments include lithium-ion battery, pharmaceuticals, electronics, food processing, aerospace, among others. Through the acquisitions we strengthen our position as a leading supplier of desiccant dehumidification technology systems for numerous industrial processes. These acquisitions provide Munters with an additional channel to market to serve it even better.

Munters Capital Markets Day 2022 updated financial targets presented– In December, Munters hosted a Capital Markets Day in Stockholm, providing insights to the execution of Munters strategy and ambitions ahead. To reflect the strong demand for our energy-efficient solutions Munters presented updated financial targets. Read more on munters.com. Before and after the presentations visitors had the opportunity to explore our products and solutions on display as well as talk to experts.

Munters signs large orders for the battery segment – In December, Munters announced two orders of climate control systems for a multinational automotive manufacturer. The orders have a combined value of MUSD 54 (approximately MSEK 560) and will be delivered to facilities in the US and Canada. The orders include Munters' modularized climate control systems developed specifically for the battery segment, as well as tailored field service support programs. Deliveries are expected to begin in the third quarter of 2023, continuing through the fourth quarter of 2024.

Order signed with a large poultry producer– In December MTech Systems, a Munters company within business area FoodTech, secured an important Software-as-a-Service (SaaS) contract with one of North America's largest poultry producers. The contract represents the establishment of a long-term partnership to enable the poultry producer to better control and analyze their full value chain including breeding, hatching, feeding and growing. The order has a value of MUSD 4.3 (approximately MSEK 46). The project will commence in second quarter of 2023 with completion of all sites by second quarter 2024.

About Munters

Munters is a global leader in energy-efficient and sustainable climate solutions. The solutions guarantee temperature and humidity control, which is mission-critical for customers. Munters offers solutions to many different industries where controlling temperature and humidity is mission critical. Our solutions reduce customers' climate and environmental impact through lower resource consumption, and in the process contribute to cleaner air, higher efficiency and reduced carbon emissions. Sustainability is an important part of Munters' business strategy and value creation.

Short facts

- ~3,940 employees (FTEs)
- >30 countries with sales and manufacturing
- 18 production units
- 22% women in management
- Three business areas: AirTech, Data Center Technologies and FoodTech

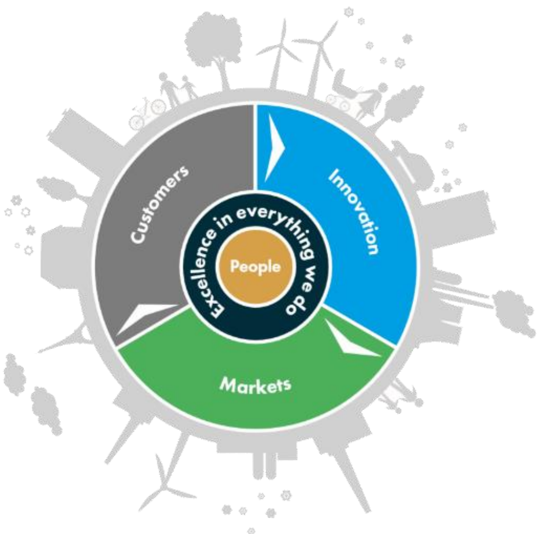
In Q4, AirTech generated 67%, Data Center Technologies 17% and FoodTech 17% of the total net sales of Munters

Purpose

For customer success and a healthier planet

Curiosity and a drive to create pioneering technologies are part of our DNA. Our climate solutions are mission-critical to our customers' success and contribute to a more sustainable planet.

The strategy of Munters



Munters has a strong position in most of our markets. We see great opportunities to improve and strengthen our market position and to achieve our mid-term financial targets and deliver on our strategy. The key to success is how we respond in working toward our goals. Our overarching strategic priorities show which areas we regard as important to our success. For each strategic priority we have clear action plans and ambitions what we want to achieve. Sustainability is a priority issue reflected in every strategic priority.

People: Employees are the hub of our business and their safety and health is a priority. Diversity and inclusion are important to us, since we are convinced that diversity leads to stronger innovation. Through collaboration and a passion for creating energy-efficient solutions for our customers and partners, we contribute to our customers' success and a better world

Customers: We help our customers succeed by supplying high-quality climate solutions that make them more sustainable. Our success is built on close, long-term relationships and a deep understanding of the customer's business and future needs. Our strategy is to continue to build customer insight and utilize our broadbased expertise on applications, technology and components to supply attractive solutions and services.

Innovation: Curiosity and an ambition to create pioneering technologies are part of our DNA. We will stay at the forefront of the industry's development and contribute to sustainable development through our energy- and resource-efficient climate solutions. We continue to invest in our core technologies, solutions and digitization to optimize our product portfolio and our innovative production technology.

Markets: Munters is active around the world and climate change, digitization and population growth are the key markets drivers. Our resources are focused on strengthening our position in areas where we can be a market leader and growing the service business. With high-quality, resource-efficient solutions and a conscious effort to re-duce our own climate impact, we contribute to sustainable development.

Excellence in everything we do: Our aim is to increase efficiency and quality in everything we do and to reduce our climate impact. Munters' operations all share responsible business practices and high ethical standards with a respect for human rights, diversity, and health and safety in the workplace

Quarterly overview Group

Income Statement

	2022				2021				2020
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Order backlog	11,463	11,866	7,515	6,367	4,198	3,525	3,018	2,769	2,253
Order intake	3,143	6,354	3,200	4,133	2,605	2,295	2,118	1,995	1,611
Net sales	3,011	2,644	2,610	2,121	2,057	1,857	1,822	1,612	1,841
Adjusted EBITDA	**381**	**359**	**332**	**260**	**274**	**270**	**311**	**250**	**300**
Depreciation tangible assets	-78	-66	-60	-59	-56	-55	-53	-52	-55
Adjusted EBITA	**304**	**293**	**272**	**201**	**217**	**215**	**259**	**198**	**245**
Amortization intangible assets from acq.	-8	-9	-9	-9	-8	-8	-7	-7	-8
Amortization other intangible assets	-30	-19	-15	-14	-10	-10	-14	-10	-8
Items affecting comparability (IAC)	-9	6	-28	-44	-9	-3	-91	41	22
Operating profit (EBIT)	**255**	**271**	**220**	**134**	**190**	**194**	**147**	**222**	**250**
Financial income and expenses	-64	-41	-14	-23	-14	-20	-25	-25	-45
Tax	-61	-53	-39	-10	-43	-35	-37	-38	-33
Net income	**131**	**178**	**166**	**102**	**133**	**138**	**84**	**160**	**172**
-attributable to Parent Comp. Shareholders	128	176	169	104	133	138	83	160	169

Key performance indicators

	2022				2021				2020
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Organic Growth, Net Sales	26%	22%	25%	16%	10%	3%	13%	14%	8%
Adjusted EBITA margin, %	10.1	11.1	10.4	9.5	10.6	11.6	14.2	12.3	13.3
Operating margin, %	8.5	10.3	8.4	6.3	9.2	10.5	8.0	13.8	13.6
Earnings per share before dilution, SEK	0.70	0.97	0.93	0.57	0.73	0.75	0.46	0.88	0.93
Earnings per share before after, SEK	0.70	0.97	0.93	0.57	0.73	0.75	0.45	0.87	0.93
OWC/Net Sales, %	12.7	13.1	13.3	13.4	13.1	12.4	12.1	12.4	13.3
Net Debt/Adjusted EBITDA, LTM	2.9	3.0	2.9	2.6	2.2	2.2	1.9	1.9	1.9

Net Debt

	2022				2021				2020
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Cash and cash equivalents	-914	-698	-459	-565	-674	-440	-680	-916	-970
Interest-bearing liabilities	3,721	3,424	3,101	2,830	2,374	2,324	2,263	2,491	2,455
Lease liabilities	774	731	367	370	376	369	366	362	332
Provisions for pensions	227	187	226	298	308	279	255	261	291
Accrued financial expenses	16	10	6	5	5	4	4	10	9
Net Debt	**3,825**	**3,654**	**3,241**	**2,938**	**2,389**	**2,536**	**2,209**	**2,208**	**2,116**

Condensed statement of comprehensive income

	Q4		Jan-Dec	
MSEK	**2022**	**2021**	**2022**	**2021**
Net sales	3,011	2,057	10,386	7,348
Cost of goods sold	-2,131	-1,434	-7,368	-4,994
Gross profit	**879**	**622**	**3,017**	**2,354**
Selling expenses	-307	-222	-1,079	-844
Administrative costs	-234	-150	-800	-556
Research and development costs	-68	-45	-236	-162
Other operating income and expenses	-12	-14	-19	-39
Share of earnings in associates	-2	-	-2	-
Operating profit	**255**	**190**	**881**	**753**
Financial income and expenses	-64	-14	-142	-84
Profit/Loss after financial items	**192**	**176**	**739**	**668**
Tax	-61	-43	-162	-153
Net income for the period	**131**	**133**	**577**	**515**
Attributable to Parent Company shareholders	128	133	577	513
Attributable to non-controlling interests	*3*	*1*	*-0*	*3*
Average number of outstanding shares before dilution	182,180,695	182,266,053	181,752,465	182,207,520
Average number of outstanding shares after dilution	182,437,327	182,513,822	181,932,090	182,548,017
Earnings per share before dilution, SEK	0.70	0.73	3.18	2.81
Earnings per share after dilution, SEK	0.70	0.73	3.17	2.81
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange-rate differences on translation of foreign operations	-160	86	483	268
Items that will not be reclassified to profit or loss:				
Actuarial gains and losses on defined-benefit pension obligations, incl. payroll tax	-40	-26	91	-3
Income tax effect not to be reclassified to profit or loss	8	10	-18	-0
Other comprehensive income, net after tax	**-192**	**69**	**555**	**264**
Total comprehensive income for the period	**-61**	**203**	**1,132**	**779**
Attributable to Parent Company shareholders	-63	203	1,133	779
Attributable to non-controlling interests	2	-0	-1	1

Condensed statement of financial position

MSEK	2022-12-31	2021-12-31
ASSETS		
NON-CURRENT ASSETS		
Goodwill	5,359	4,248
Other intangible assets	2,027	1,586
Property, plant and equipment	825	611
Right-of-Use assets	751	360
Participations in associated companies	34	0
Other financial assets	83	20
Deferred tax assets	298	278
Total non-current assets	**9,376**	**7,103**
CURRENT ASSETS		
Inventory	1,956	1,073
Accounts receivable	2,235	1,394
Derivative instruments	2	1
Current tax assets	93	52
Other receivables	159	78
Prepaid expenses and accrued income	684	368
Cash and cash equivalents	914	674
Total current assets	**6,042**	**3,639**
TOTAL ASSETS	15,419	10,742
EQUITY AND LIABILITIES		
EQUITY		
Shareholders' equity	5,303	4,360
Non-controlling interests	3	3
Total equity	**5,307**	**4,363**
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	3,721	2,362
Lease liabilities	640	273
Provisions for pensions	227	303
Other provisions	65	62
Other non-current liabilities	223	140
Deferred tax liabilities	442	405
Total non-current liabilities	**5,318**	**3,546**
CURRENT LIABILITIES		
Interest-bearing liabilities	–	11
Lease liabilities	135	103
Provisions for pensions	–	6
Other provisions	150	157
Accounts payable	1,288	771
Current tax liabilities	55	40
Advances from customers	1,715	648
Other current liabilities	257	100
Accrued expenses and deferred income	1,194	998
Total current liabilities	**4,794**	**2,833**
TOTAL EQUITY AND LIABILITIES	15,419	10,742

Condensed cash flow statement

	Q4		Jan-Dec	
MSEK	2022	2021	2022	2021
OPERATING ACTIVITIES				
Operating profit	**255**	**190**	**881**	**753**
Reversal of non-cash items				
Depreciation, amortization and impairments	116	74	377	303
Other profit/loss items not affecting liquidity	-12	6	-24	16
Change in provisions				
Provisions	-2	-35	-24	-97
Cash flow before interest and tax	**358**	**235**	**1,210**	**974**
Paid financial items	-57	-11	-121	-99
Taxes paid	-62	-41	-233	-181
Cash flow from operating activites before changes in working capital	**238**	**184**	**856**	**694**
Change in accounts receivable	-484	-141	-635	-253
Change in inventory	-252	-51	-706	-316
Change in accrued income	-3	57	-236	49
Change in accounts payable	364	167	397	204
Change in advances from customers	403	158	977	96
Cashflow from operating working capital	**29**	**190**	**-203**	**-220**
Change in other working capital	159	42	119	45
Cash flow from changes in working capital	**189**	**232**	**-84**	**-175**
Cash flow from operating activities	**427**	**416**	**772**	**519**
INVESTING ACTIVITIES				
Business acquisitions	-420	-	-721	-
Investments in associated companies	-1	-	-34	-
Investments in participations and securities in other companies	-23	-	-62	-
Sale of intangible assets and property, plant and equipment	8	-	27	2
Investment in property, plant and equipment	-89	-45	-222	-138
Investment in intangible assets	-95	-57	-317	-204
Cash flow from investing activities	**-620**	**-101**	**-1,330**	**-341**
FINANCING ACTIVITIES				
Exercised share options	11	-	25	40
Loan raised	450	13	1,503	2,311
Amortization of loans	-36	-6	-504	-2,550
Repayment of lease liabilities	-33	-29	-122	-105
Repurchase of shares	-	-69	-	-69
Dividends paid	-	-	-156	-129
Other changes to financing activities	-5	-	-5	-
Cash flow from financing activities	**386**	**-91**	**743**	**-503**
Cash flow for the period	**192**	**224**	**184**	**-324**
Cash and cash equivalents at period start	699	440	674	970
Exchange-rate differences in cash and cash equivalents	22	10	56	28
Cash and cash equivalents at period end	**914**	**674**	**914**	**674**

Condensed statement of changes in equity

MSEK	2022-12-31	2021-12-31
Opening balance	**4,363**	**3,751**
Total comprehensive income for the period	1,132	779
Exercised share options	25	40
Change in non-controlling interest	–	-1
Put/call option related to non controlling interests	-58	-4
Dividends paid	-156	-129
Repurchase of shares	–	-69
Share option plan incl. deferred tax	0	-5
Other	0	1
Closing balance	**5,307**	**4,363**
Total shareholders´equity attributable to:		
The parent company's shareholders	5,303	4,360
Non-controlling interests	3	3

Parent company

Condensed income statement

	Q4		Jan-Dec	
MSEK	2022	2021	2022	2021
Net sales	–	–	–	–
Gross profit/loss	**0**	**0**	**–**	**–**
Administrative costs	-5	-3	-8	-12
Other operating expenses	3	0	8	11
Profit/Loss before interest and tax (EBIT)	**-1**	**-3**	**1**	**0**
Financial income and expenses	-2	-0	-5	-1
Profit/Loss after financial items	**-3**	**-4**	**-4**	**-1**
Group contributions	7	8	7	8
Profit/Loss before tax	**4**	**5**	**3**	**7**
Tax	1	-2	1	1
Net income for the period	**5**	**3**	**4**	**8**

Condensed statement of comprehensive income

Profit/Loss for the period	5	3	4	8
Other comprehensive income, net after tax	–	–	–	–
Comprehensive income for the period	**5**	**3**	**4**	**8**

Condensed balance sheet

MSEK	2022-12-31	2021-12-31
ASSETS		
NON-CURRENT ASSETS		
Participations in subsidiaries	4,098	4,094
Other financial assets	4	5
Total non-current assets	**4,103**	**4,100**
CURRENT ASSETS		
Prepaid expenses and accrued income	1	1
Current tax assets	1	1
Receivables from subsidiaries	14	13
Cash and cash equivalents	0	0
Total current assets	**15**	**15**
TOTAL ASSETS	**4,118**	**4,115**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	6	6
Share premium reserve	4,136	4,136
Profit brought forward	-246	-128
Income for the period	4	8
Total equity	**3,899**	**4,022**
NON-CURRENT LIABILITIES		
Provisions for pensions and similar commitments	3	2
Total non-current liabilities	**3**	**2**
CURRENT LIABILITIES		
Accounts payable	1	3
Accrued expenses and deferred income	16	18
Liabilities to subsidiaries	192	65
Other liabilities	6	4
Total current liabilities	**215**	**91**
TOTAL EQUITY AND LIABILITIES	**4,118**	**4,115**

Other disclosures

Accounting policies

This report has been prepared, with regards to the Group, in accordance with IAS 34 *Interim Financial Reporting*, recommendation RFR 1 of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act and, with regards to the Parent Company, in accordance with recommendation RFR 2 of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. The accounting principles applied correspond to those presented in the Annual- and Sustainability report 2021 (Note 1).

Environmental impact and environmental policy

Munters' operations affect the external environment through air and water emissions, the handling of chemicals and waste, transport of input goods and finished products to and from Munters factories. Munters is committed to constant vigilance regarding the environmental impact of its operations. Munters is committed to complying with all laws and to continuously promoting improvements in all Environment, Health & Safety (EHS) aspects, wherever Munters conducts business. Munters constantly seeks opportunities to reduce risk and to create a safer, healthier, more diverse and more environmentally friendly workplace for our employees, customers, communities, and the overall environment. Munters' manufacturing facilities all over the world are committed to working according to an EHS Management Program. The purpose of the EHS Program is to ensure regulatory compliance, actively prevent injuries, and reduce the impact that our business has on the environment.

Risks and uncertainties

The Group's significant risks and uncertainties can be divided into four categories; strategic, operational, financial and regulatory risks. In these categories, there are both risks due to political and macroeconomic trends and specific risks directly linked to the business carried out by the Group. A risk assessment is carried out on an annual basis and the purpose is to identify and address the most important risks.

Munters' products are used in complex customer processes. Quality and contract obligations are critical and could result in claims for damages. The Group depends to some extent on key customers and key personnel. Considering that Munters is a company with geographically widespread operations and many small organizational units, there is a risk of failure to comply with relevant regulations in the business ethics area, e.g. anti-bribery rules.

Financial risks mainly consist of currency, interest and financing risks. Munters works actively with insurance solutions, and group-wide insurances are governed by central guidelines. This includes for example coverage for general liability and product liability, property, business interruption, transportation, the liability of Board members and the CEO and employment practices liabilities.

During 2022 the lingering Covid-19 pandemic led to continued supply chain challenges especially in region APAC and China.

As a consequence of the war in Ukraine, Munters stopped all business activities in Russia in the first quarter. Annualized net sales in Russia accounted for approx. 1.5 per cent of total Group net sales at that time and Munters had no employees in the area.

The direct financial impacts of leaving the Russian market totals MSEK -27 and was recorded as items affecting comparability in the first half of 2022.

The indirect effects seen from the war are mainly related to material prices and logistics. For example, in general material prices have increased and some logistical routes have been cut off in Asia and Europe.

A more detailed description of the Group's risks and how they are managed can be found in the Annual- and Sustainability report 2021 on pages 54-58.

Transactions with related parties

There have been no significant transactions with related parties during the period.

Fair value of financial instruments

Financial assets measured at fair value through profit/loss relates to financial investments and derivatives. Financial investments amounted to MSEK 62 (-) and derivatives to MSEK 2 (1) as of the balance sheet date.

The Group's put/call option, from the acquisition of MTech Systems in 2017, is recognized at fair value in the statement of financial position. The option is measured according to IFRS 9 and is categorized in level 3 in the fair value hierarchy. An amendment to the initial agreement was signed in December 2022. Under the amendment, the parties agreed to change the exercise period for the option rights. The new exercise period is beginning on January 1, 2025 and ending on December 31, 2025. The fair value of the option has been remeasured as of the balance sheet date, resulting in an increase of the value by MSEK 57.

MSEK	2022-12-31	2021-12-31
Opening balance	137	121
Remeasurment put/call option	57	–
Discounting	–	4
Exchange-rate differences	23	13
Closing balance	**217**	**137**

Munters deems that the interest rate on interest-bearing liabilities are in line with market terms at December 31, 2022, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

Reconciliation of alternative performance measures and items affecting comparability

The Group presents certain financial metrics in the Interim Report that are not defined in accordance with IFRS. The Group is of the opinion that these metrics provide valuable complementary information, in that they enable an evaluation of the Group's performance. The financial metrics are calculated in accordance with the definitions presented on page 129 in the Annual and Sustainability Report 2021. A reconciliation of Adjusted EBITDA and Adjusted EBITA is found in the quarterly overview on page 13 in this interim report. Items affecting comparability are events or transactions with significant financial effects, which are relevant for the understanding of the financial performance when comparing the current period to previous periods. Items included are for example, restructuring activities, capital gains and losses from business divestments and M&A related costs as well as costs for other events, such as the Covid-19 pandemic and war in Ukraine, having a significant impact on the comparability.

Below is a break-down of items affecting comparability by period.

	Q4		Jan-Dec	
MSEK	**2022**	**2021**	**2022**	**2021**
Restructuring activities	1	-20	-35	-124
Close down of business activities in Russia	-	-	-27	-
Other items affecting comparability	-10	11	-12	62
Summa	**-9**	**-9**	**-75**	**-62**

Business acquisitions

In January 2022, Munters acquired 100% of the shares in EDPAC, an Irish manufacturer of cooling equipment for data centers and air treatment systems. EDPAC manufactures precision cooling equipment and various air handling systems and is also a manufacturing partner for Munters Oasis systems. The acquisition adds complementary products to Munters' existing data center offering and is part of Munters' strategy to grow in the prioritized data center segment. EDPAC reported net sales amounting to MEUR 17 for the financial year ended April 2021.

In November, Munters acquired 100% of the shares in Hygromedia LLC and Rotor Source Inc. Hygromedia is a manufacturer of desiccant dehumidification media, while Rotor Source is a supplier of rotors and cassettes to original equipment manufacturers (OEM). With the acquisitions, Munters strengthens its position as a leading supplier of desiccant dehumidification technology systems for numerous industrial processes. These acquisitions provide Munters with an additional channel to market to serve it even better. Both companies are located in Baton Rouge, Louisiana, USA, and together have about 30 employees. Revenue in 2021 was MUSD 11.5. Below is a list of paid purchase price and acquired net assets for the three acquisitions.

MSEK	Acquired balances
Information about acquired net assets and goodwill	
Cash purchase consideration paid	774
Total purchase consideration	**774**
Fair value of acquired net assets	-177
Goodwill	**598**
Acquired net assets at time of acquisition	
Intangible assets	67
Property, plant and equipment	61
Inventory	49
Accounts receivable	81
Other receivables	12
Prepaid expenses and accrued income	1
Cash and cash equivalents	53
Total assets	**324**
Non-current interest-bearing liabilities	2
Deferred tax liabilities	9
Current interest-bearing liabilities	50
Other provisions	2
Accounts payable	47
Current tax liabilities	2
Advances from customers	0
Accrued expenses and deferred income	35
Total liabilities	**147**
Net identifiable assets and liabilities	**177**
Cash purchase consideration paid	774
Cash and cash equivalents in acquired companies	53
Change in the Group's cash and cash equivalents on acquisitions	**-721**

Information and reporting dates

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You are welcome to join a webcast or telephone conference on February 9 at 9:00 AM CET, when President and CEO Klas Forsström, together with Group Vice President and CFO Annette Kumlien, will present the report.

Webcast

https://tv.streamfabriken.com/munters-q4-2022

Conference call

If you wish to participate via teleconference, please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.
https://conference.financialhearings.com/teleconference/?id=5006707

This interim report, presentation material and a link to the webcast will be available on https://www.munters.com/en/investor-relations/

Financial calendar 2023:

Publication of Annual & Sustainability report 2022	Beginning of March
Webinar: AirTech, Battery segment	March 27
First quarter report 2023	April 21
Annual General Meeting 2023, Stockholm	May 17
Second quarter report 2023	July 18
Third quarter report 2023	October 24

Every care has been taken in the translation of this interim report. In the event of discrepancies, the Swedish original will supersede the English translation. The addition of the totals presented may result in minor rounding differences.

This information is information that Munters Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 AM CET on February 9, 2023.

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